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Destination vs. Journey

1. Today's Trading Playbook

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Today marks the last day of e-finance's [EFIH] retail subscription, with a coverage ratio as high as above 20x by end of Thursday's session. EFIH is set to debut next Wednesday, 20 October 2021, and it's very interesting what it could bring on the table when it comes to overall market liquidity.

Elsewhere, aluminum prices soared to a 13-year high, closing Friday just a notch below USD3,200/ton. Such renewed rally for aluminum is mainly caused by power shortages in China, and expectations of subdued output raise the need for inventory accumulation. Many sources believe that the current supply shock could persist to a better part of 2022. This, of course, should be reinforcing to Egypt Aluminum's [EGAL] 2021/22 profitability. While any upward movement in EGAL's share price is understandable, we should pinpoint two important things: (1) Aluminum prices right now are almost USD1,000/ton above their mid-point price in the last 10 years and (2) the current electricity price for EGAL has great chances to be revised upward after the 5-year-long pricing set in April 2020 expires. With that in mind, enjoying the journey shouldn't spoil your view of the destination.

Meanwhile, the renewed rally in aluminum prices came coupled with a strong rally in copper prices as well. Copper is currently traded above USD10,000/ton, soaring to more than a 10- year high. We note that, higher copper and aluminum prices should be somewhat of a booster to Elsewedy Electric's [SWDY] cables segment going into Q4 2021, amid flourishing turnkey conditions. We remind you that we have an Overweight rating on SWDY, with a 12M PT of EGP12.7/share [ETR +56%]. SWDY is currently traded at TTM P/E and EV/EBITDA of 4.8x and 3.5x, respectively.

POSITIVE

EGAL, SWDY: Rising aluminum and copper prices are positive in the short term.

Now, on to the top news and analysis for the day.

2. TOP NEWS & ANALYSIS

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MACRO NEWS

Egypt's current account deficit widened by USD7.2bn in FY21, closing the year at USD18.4bn compared with USD11.2bn in the previous year. However, the overall balance of payments was in surplus of USD1.9bn, thanks to portfolio investments that turned positive, recording a net inflow of USD18.7bn in FY21 compared to a net outflow of USD7.3bn in the FY20. More details will be covered in our note. ([CBE](#))

Russia will lift remaining COVID-related restrictions on flights to Sharm El-Sheikh and Hurghada starting 9 November 2021. ([TASS](#))

The USD4bn EuroAfrica Interconnector project that will connect the electrical grids of Egypt, Greece, and Cyprus got a huge boost over the weekend after Egypt signed MoUs with Greece and Cyprus. ([Enterprise](#))

Egypt's external debt rose to USD137.85bn at the end of last June compared to USD123.5bn in June 2020. The increase in Q4 FY21 amounted to USD3.02bn from its level of USD134.84bn in last March. ([CBE](#))

CORPORATE NEWS

SODIC [OCDI] signed a long-term syndicated loan worth EGP1.57bn with Arab African International Bank (AAIB) and Banque Misr. The loan will be used to refinance the EGP1.1bn outstanding on an EGP1.3bn medium-term facility signed in April 2017. It will also partially finance remaining capex of leasable assets and real estate development projects in SODIC West. ([Company disclosure](#))

Egytrans [ETRS] decided not to consider H.A. Utilities BV's (DutchCo.) offer because they did not reach an agreement for a proper deal price. Meanwhile, ETRS's BoD approved to establish a new subsidiary to operate in used cars storage in Suez Canal Economic Zone (SCZone). The new company's paid-in capital will be USD0.2mn with a par value of USD10/share. ([Company disclosure](#))

GLOBAL NEWS

U.S. retail sales unexpectedly rose in September as more expensive motor vehicles boosted receipts at auto dealerships, but there are fears that supply constraints could disrupt the holiday shopping season amid continued shortages of goods. ([Reuters](#))

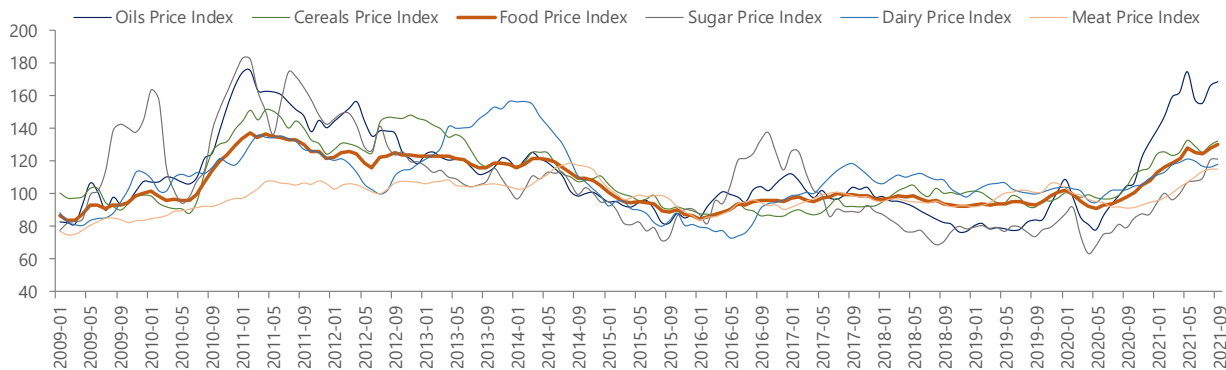
Turkey's lira touched new lows against the U.S. dollar and the euro on Friday, hamstrung by worries over more interest rate cuts despite high inflation, after President Erdogan dismissed three central bank policymakers. ([Reuters](#))

3. CHART OF THE DAY

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Source: Food & Agriculture Organization of the United Nations.

FAO Food Price Index continued its growth in September (+32.8% y/y, +1.2% m/m). This sharp increase reflects the surge in vegetable oils, cereal sub-indices, and sugar. The effect of this acceleration on global food prices will continue to add more strains to the inflation outlook, given the continued increase in shipping cost as well.

4. MARKETS PERFORMANCE

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Current equity market cap (EGPbn)						711.6	

5. LATEST EGX VALUATION MULTIPLES

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[Find out](#) how your favorite stocks compare to the rest of the market.

6. KEY DATES

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DATE	TICKER	TYPE	EVENT
17-Oct-21	WCDF	OGM	Approving the financial statements for FY2017-FY2021.
17-Oct-21	WCDF	EGM	Amending the articles of incorporation.
17-Oct-21	ABUK	Cash dividend	Last date for eligibility for a dividend of EGP1.30/share.
18-Oct-21	AMOC	Cash dividend	Last date for eligibility for a dividend of EGP0.150/share.
18-Oct-21	SIPC	Stock dividend	Last date for eligibility for a 1-for-7 stock dividend.
19-Oct-21	SIPC	Stock dividend	Date for distributing a 1-for-7 stock dividend.
19-Oct-21	AMOC	Cash dividend	Date for ex-dividends of EGP0.150/share.
21-Oct-21	AMOC	Cash dividend	Date for paying out a dividend of EGP0.150/share.
21-Oct-21	ABUK	Cash dividend	Date for paying out a dividend of EGP0.30/share (1st round).
25-Oct-21	IFAP	EGM	Amending articles 3, 24 & 31 of the bylaws.
25-Oct-21	SCFM	OGM	Approving the financial statements and other agenda items.
25-Oct-21	SCFM	EGM	Discussing the continuation of the company.
25-Oct-21	MICH	Cash dividend	Last date for eligibility for a dividend of EGP1.00/share.
27-Oct-21	MILS	OGM	Approving the financial statements and the proposed dividend.
27-Oct-21	BTFH	OGM	Approving increasing the issued capital and amending articles 6 & 7 of the bylaws.
27-Oct-21	AIH	Lawsuit	A court session discussing legal disputes relevant to the company.
28-Oct-21		MPC Meeting	Determining the CBE's policy rate.
28-Oct-21	MICH	Cash dividend	Date for paying out a dividend of EGP0.50/share (1st round).
30-Oct-21	COSG	EGM	Discussing a capital decrease.
30-Oct-21	EGTS	OGM	Approving the financial statements and other agenda items.
31-Oct-21	MNHD	Cash dividend	Date for paying out a dividend of EGP0.30/share (2nd round).
1-Nov-21	ICLE	Cash dividend	Payment date for a dividend of EGP2.50/share.
1-Nov-21	SPIN	OGM	Approving financial results and other Agenda items.
1-Nov-21	CEFM	OGM	Approving FY21 financial results and the proposed dividends.
2-Nov-21	KABO	OGM	Approving financial results and other Agenda items.
2-Nov-21	EGTS	Lawsuit	A court session discussing legal disputes relevant to the company.
2-Nov-21	EDFM	OGM	Approving FY21 financial results and the proposed dividends and other Agenda items.
2-Nov-21	EDFM	EGM	Amending articles of incorporation.
2-3 Nov-21		FOMC	Determining US Monetary stance.

7. LATEST RESEARCH

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DATE	PUBLISHED REPORT
13-Oct-21	e-finance [EFIH] – An Eye-Opening IPO
10-Oct-21	MACROView – Walking a Tightrope
6-Oct-21	MACROView – On “Risk Control” Mode
6-Oct-21	MACROView – The Tortuous Path to Recovery

19-Sep-21	<u>TAKEStock – Consumer Staples (Food & Beverage) – All You Can Eat Festival</u>
15-Sep-21	<u>MACROView – Deciphering the Din of Battle</u>
14-Sep-21	<u>TAKEStock – Orascom Investment Holding [OIH] — Monetization at Play</u>
9-Sep-21	<u>MACROView – Hot Summer Winds</u>
7-Sep-21	<u>MACROView – The Global Blessing Windfall</u>
6-Sep-21	<u>MACROView – Tempered, But Cautious, Optimism</u>
5-Sep-21	<u>Misr Chemical Industries [MICH] – Nice While It Lasted</u>
29-Aug-21	<u>Orascom Construction [ORAS] – Recovery on Track Although Below Estimates</u>
24-Aug-21	<u>Abu Qir Fertilizers [ABUK] – When the Stars Align</u>
18-Aug-21	<u>EFG Hermes Holding [HRHO] – Solid Business, Strong Financial Growth</u>
17-Aug-21	<u>Elsewedy Electric [SWDY] – Impressive Set of Results</u>
17-Aug-21	<u>Commercial International Bank [COMI] – Adjustment Post Stock Dividend</u>
16-Aug-21	<u>B Investments Holding [BINV] – Growth Dented Across the Board</u>
11-Aug-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Non-Interest Income Heals Earnings Growth</u>
10-Aug-21	<u>MACROView – July's Feverous Inflation</u>
9-Aug-21	<u>CI Capital Holding [CICH] – Robust Exit Saves the Day</u>
5-Aug-21	<u>MACROView – The Sky Is No Blue</u>
4-Aug-21	<u>MACROView – Constrained Recovery</u>
26-Jul-21	<u>EFG Hermes Holding [HRHO] – FV and 12MPT Adjustment to Bonus Share Action</u>
13-Jul-21	<u>Commercial International Bank [COMI] – Tamed Credit Provisions Spur Annual Growth</u>
8-Jul-21	<u>MACROView – Inflation Edged Up, As Expected</u>
8-Jul-21	<u>MACROView – External Buffers Still Powering Ahead</u>
6-Jul-21	<u>MACROView – A Steady and Slow Recovery in the Making</u>
5-July-21	<u>Abu Qir Fertilizers [ABUK] – Talking U</u>
16-June-21	<u>B Investments Holding [BINV] – Strong Financials, Growing Investments</u>
14-June-21	<u>Al-Shams Housing & Development [ELSH] – Earnings Flattened by Factoring Cost</u>
10-June-21	<u>MACROView – Inflation Risk Rising, but Still Within Target</u>
8-June-21	<u>TAKEStock – Telecom Egypt [ETEL] – Show Me the Dividends</u>
6-June-21	<u>MACROView – Further Enhancement</u>
3-June-21	<u>MACROView – Contraction Eased</u>
23-May-21	<u>Orascom Construction [ORAS] – Earnings Short of Our Estimates</u>
23-May-21	<u>CI Capital Holding [CICH] – Earnings Dented by One-off ESOP Expense</u>

22-May-21	<u>Commercial International Bank [COMI] – Earnings Growth Driven by Lower Provisions</u>
20-May-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – Slowing Lending Inhibits Earnings Growth</u>
20-May-21	<u>EFG Hermes Holding [HRHO] – Recovery Signs; Back on Track</u>
18-May-21	<u>B Investments Holding [BINV] – Exits Kick Off, Unlocking Value</u>
18-May-21	<u>Elsewedy Electric [SWDY] – Financials promise a buoyant year ahead</u>
17-May-21	<u>Misr Chemical Industries [MICH] – Another Chapter of Strong Annual Growth</u>
11-May-21	<u>MACROView – Inflation Eased but Stage Still Set for a Pick-Up</u>
9-May-21	<u>MACROView – Stability Prevailed</u>
6-May-21	<u>MACROView – The Road to Recovery Gets Longer</u>
18-Apr-21	<u>MACROView – Challenges Remain Daunting</u>
13-Apr-21	<u>Crédit Agricole Egypt (CAE) [CIEB] – The Value Algorithm</u>
12-Apr-21	<u>Orascom Construction [ORAS] – Rich in Value</u>
11-Apr-21	<u>MACROView – Monthly Reading Pressured By Seasonality</u>
6-Apr-21	<u>MACROView – FX Assets Well Placed to Mitigate Potential Risks</u>
6-Apr-21	<u>MACROView – Still Downbeat</u>
28-Mar-21	<u>Taaleem Management Services [TALM] – Enriching the Education Sector</u>
18-Mar-21	<u>EFG Hermes Holding [HRHO] – Challenging Year, Yet Growth Continues</u>
10-Mar-21	<u>MACROView – Still Below the Target, but Global Headwinds Cloud the Horizon</u>
8-Mar-21	<u>MACROView – Buffers Grew Despite Signs of Unwelcome Tightening of Financial Conditions</u>
7-Mar-21	<u>Al-Shams Housing & Development [ELSH] – Making Hay While the Sun Shines</u>
3-Mar-21	<u>MACROView – Weak Demand Still Weighing on the Rebound Trajectory</u>
2-Mar-21	<u>MACROView – Commodity Supercycle: Real or Hype?</u>
1-Mar-21	<u>Commercial International Bank [COMI] – Earnings Beat Despite Higher Provisions</u>
25-Feb-21	<u>Elsewedy Electric [SWDY] – Strong Set of Results Driven by Turnkey</u>
22-Feb-21	<u>CI Capital Holding [CICH] – Got the Hit, Yet Better Than Expected</u>
10-Feb-21	<u>MACROView – Disinflation Continues Amid Acceleration in Global Commodity Prices</u>
8-Feb-21	<u>Misr Chemical Industries [MICH] – Annually Wild, Quarterly Tamed</u>
4-Feb-21	<u>MACROView – External Buffers Are Still Restoring Grounds</u>
3-Feb-21	<u>MACROView – A Fragile Improvement but Favorable Sentiment</u>
3-Feb-21	<u>MACROView – External Woes vs. Cautious Optimism</u>
1-Feb-21	<u>STANDPoint – Egypt 2021 Investing Playbook</u>
14-Jan-21	<u>CI Capital Holding [CICH] – New Expansions = Further Growth</u>

10-Jan-21	<u>MACROView – Below End-of-Year Target</u>
6-Jan-21	<u>MACROView – On the Path to Further Recovery</u>
5-Jan-21	<u>MACROView – Rutted Road to Recovery</u>
28-Dec-20	<u>Elsewedy Electric [SWDY] – More Growth to Come</u>
22-Dec-20	<u>EFG Hermes Holding [HRHO] – Blueprinting Its Eminence</u>
16-Dec-20	<u>CIB [COMI] – Earnings beat despite higher provisions</u>
10-Dec-20	<u>MACROView – The Highest Reading in Seven Months</u>
7-Dec-20	<u>MACROView – Restored Ground</u>
6-Dec-20	<u>MACROView – Lost Momentum</u>
3-Dec-20	<u>MACROView – Not as Severe as Expected but All Eyes on the Scars</u>
25-Nov-20	<u>Misr Chemical Industries [MICH] – Pandemic Proof</u>
10-Nov-20	<u>MACROView – An expected rise as the new school year began</u>
4-Nov-20	<u>MACROView – The Stars Seem to Be Aligned for International Reserves</u>
3-Nov-20	<u>MACROView – The Highest Reading in Six Years</u>
25-Oct-20	<u>CIB [COMI] – Short-term pain for longer-term gain</u>

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